

VMR-VRO GUIDELINE –
COLLECTION, RECORDING
AND RETENTION OF
W-9s and W-8s

Checklist Reference – How to Record W-9s and W-8s on a Vendor's Record Checklist

The state agencies and institutions of higher education operate under different TIN numbers. The 65 state agencies operate under one TIN number for report 1099-Misc. The eleven institutions of higher education each have a TIN number under which each institution reports 1099-Misc. Because of the 1099-Misc reporting requirements for TIN numbers VRO can not be responsible for the collection, tracking and retention of W-9s for the institutions of higher education. VRO and state agencies will be responsible for the collection, tracking, and retention of W-9's for the 65 state agencies. And each of the eleven institutions of higher education will be responsible for the collection, tracking, and retention of W-9s respectively.

The Vendor Registry Office will no longer contact the following:

1. Those vendors who are paid strictly by the institutions of higher education.

Why is Vendor Registry no longer contacting the higher education vendors?

1. VRO is no longer collecting W-9's for the entire database because of multiple TIN numbers and the \$600 limit with each TIN number are just a couple.
2. We limited the mailings to only those vendors who have been paid over \$600.00 within certain account codes for state agencies. The reason we developed the query in this manner was because
 - a. All state agencies operate under one Federal Identification Number.
 - b. It eliminates those account codes that are used for commodity refunds (which are reported independently by the individual commodity groups), travel expenses, reimbursements, payments to counties, cities, etc.

As an institution what is my responsibility concerning the collection of W-9's?

The institutions of higher education are responsible for:

1. Collecting W-9's from vendors they are doing business with.
2. Tracking – it is the responsibility of each institution when recording the W-9s or W-8s to enter the beginning date (date of the W-9) and the expiration date (5 years in the future for W-9s and 3 years in the future for W-8s).
3. Recording the collection in the Government Classification allows all users of the system to see if another entity has already collected a W-9 from that particular vendor. See checklist VMR-VRO Checklist – Collection/Retention of W-9s for 1099 Reporting.

How do I find out a W-9 on file somewhere else for my vendor?

1. Check the 'Government Classifications' link on the Information page of the vendor record.

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2. Page through 'Sources' checking for either 'W-9' received or an application received.
3. Ask the entity that collected the W-9 to fax you a copy for your file.

Why are the W-9s necessary?

1. Failure to have a W-9 on file for each vendor can result in the reporting entity (state or institution of higher education) being liable for the 28% backup withholding if IRS should audit.
2. The IRS does not give the State any options. The following is from IRS's frequently asked questions about backup withholding (<http://www.irs.gov/efile/article/0,,id=98145,00.html>):

What should I do if a payee refuses or neglects to provide a TIN?

Begin backup withholding immediately on any reportable payments. Do the required annual solicitation (request) for the TIN. Backup Withhold until you receive a TIN.

How often do W9s need to be updated?

1. All W-9 information needs to be updated every five (5) years. The Vendor Registry Office will develop a procedure to contact the vendors to submit new forms W-9. Once this has been defined for the state, the Vendor Registry Office will share the information with higher education institutions. The responsibility of the institutions of higher education is to forward a copy of the W-9's to the Vendor Registry Office for filing.

What about vendors that are not reportable -- is paperwork required of these vendors?

Yes, a W-9 or a substitute W-9 is required of all vendors, who are not identified as employees, on the database. The Vendor Registry Office is working on processes to accomplish the tracking of who has not submitted paperwork and/or who needs updated paperwork.

Why is paperwork required for vendors who are not reportable?

According to the IRS Form W-9 vendors are required to provide TIN information whether or not they are required to file a tax return. See page 4 of the instructions from the IRS Form W-9:

'You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.'

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COLLECTION, RECORDING
AND RETENTION OF
W-9s and W-8s

Feel free to contact the Vendor Registry Office at spovendor@nd.gov for help or guidance in entering or updating vendor information. The Vendor Registry Office will research the information, take the appropriate action and respond to your inquiry in a timely manner.